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Cease and Desist Order Issued by Insurance Director Linda Hall

(Juneau) – Division of Insurance Director Linda Hall has issued a Cease and Desist order against Signature Health Group/Health Advantage, a Florida-based company that solicits insurance business in Alaska via the internet. The company was ordered to stop its deceptive practice of offering in Alaska health discount plans, which claim not to be insurance, but in fact are insurance plans under Alaska law.

“A health discount plan is insurance, on terms that are much less favorable than standard health insurance policies,” said Hall, “companies such as Signature deceive consumers into believing that they are purchasing a product that is not standard health insurance. What they’re actually purchasing is discounts for certain health care services. Consumers learn too late, and to their regret, that they have substandard health insurance.”

Hall urged consumers to protect themselves against fraudulent or misleading insurance solicitations. “Be certain to read insurance offers carefully. An offer for a health discount plan, at most, only means you will receive a discount from your doctor or hospital. The plan does not pay medical claims, and consumers end up stuck with the bill.”

“Health discount plans often appear less expensive than standard health insurance,” Hall stated, “but you get what you pay for. The discounts can be insignificant compared to the full medical bills. If a health plan’s premiums seem extremely low compared to the rest of the insurance market, that’s a red flag, and consumers should proceed with caution. The old adage that if it sounds too good to be true, it probably is, applies here.”

Hall also urged consumers to beware of unfair marketing techniques. “Some consumers have been told in telephone conversations with marketers, ‘I can only offer this plan to you today,’ Hall said, “this is a warning sign—avoid companies that use these types of high pressure tactics. To protect themselves, consumers should never give out their bank account information unless they are certain about the reliability of the firm.”

Hall also urged consumers to make sure that companies and agents they deal with are licensed in the State of Alaska. “While it is no guarantee against fraud,” Hall said, “insurance companies must meet certain financial standards, and insurance agents must pass a background check before being licensed. Licensing is a first line of defense against fraud. Consumers should check that their insurance company and its agent are licensed to sell insurance in the State of Alaska.”

Signature, which is not licensed to provide insurance in Alaska, also offers modest amounts of life and health insurance. It was ordered to stop this practice.

Consumers may check their insurance company’s or agent’s license status by calling (907) 456-2515.